



# NORTH WALSHAM TOWN COUNCIL

## Financial Risk Management

Adopted by the Council at its meeting held on 30.6.15

### 1 Introduction

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- 1.1 Financial risks can be managed by effective internal controls, Standing Orders and Financial Regulations, and by insurance.

### 2 Internal Financial Controls

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#### 2.1 Cash Handling:

- The amount of Petty Cash held is limited to a maximum of £250 at any one time.
- Any such cash is held in a secured safe. Petty cash is balanced on a monthly basis.
- A receipt is obtained for each payment made in cash.
- Cash is banked regularly.

#### 2.2 Cheque receipts:

- Cheque receipts are banked regularly.
- The Council has the facility for payments to be paid directly into its bank accounts, such receipts are checked online or on receipt of the monthly bank statements.

#### 2.3 Cheque payments:

- In accordance with the Council's Standing Orders, all cheques require two signatures.
- Cheque payments are authorised at the monthly Town council meeting by the Chair.
- Members signing the cheque also have sight of the invoice/documentation and must initial the cheque counterfoil and invoice.
- Direct Debits are authorised at the monthly Town Council meeting by the Chair by initialing the paperwork.
- All payments are pre sented to full Council for approval on a monthly basis.
- All cheques should be dispatched promptly after the monthly Council meeting.

#### 2.4 Salary Payments:

- These will be signed and dated by the RFO and a counter signature from either the Mayor, Deputy Mayor, Chair or Vice Chair of Personnel and Standards.

#### 2.5 Transfer of monies between Council accounts:

- The Council maintains four bank accounts:
  - Current account,
  - Wages account,
  - Business reserve account, and
  - Bonus saver account.
- The retained balance for the current account is £5,000 by automatic transfer to and from the business reserve account. Similarly, the wages account balance is £500.

## 2.6 **Bank reconciliations:**

- These are monitored regularly by the Responsible Finance Officer to ensure that they agree with the monthly bank statements. Nominated Councillors will be appointed a Scrutineer to check these reconciliations on a quarterly basis.

## 2.7 **Reporting to Members:**

- A list of all payments and receipts for the previous month is made available to all members at the monthly full Council meeting.
- At every Council meeting Members receive a payment report detailing expenditure to date for that month.

## 2.8 **Income:**

- The risk of non-receipt of anticipated income is managed in the following manner:
  - The Town Clerk ensures that budgets are prepared in time to make a recommendation to the Council's Finance meeting, so that the Council can submit its Precept on time.
  - Sufficient funds are held in the General Reserves to ensure that payment of all necessary expenditure can be met for three months. This includes the office service charge, rates, utilities and salaries.
  - Income is monitored and reported if the accounts are in arrears. Income from market pitches is invoiced on a regular basis, and non-payment is covered in the market Rules & Regulations.
  - Recovery of VAT: VAT prepared by the Responsible Finance Officer and claimed quarterly.

## 2.9 **Expenditure:**

- The largest expenditure item is the payment of salaries.
  - The payroll system is administered by the Responsible Finance Officer.
  - Payment of salaries is in accordance with details produced by the payroll system, and is checked by the Responsible Finance Officer to ensure that the correct salary is paid and that the correct deductions are made.
  - Variations to salaries, including any increases or bonus payments, are only actioned following approval of the Personnel & Standards Committee AND ratification by the full Council
  - Access to the computer system and payroll system is password-protected to ensure security of data.
  - The risks include not returning Right Time Information correctly, ensuring that tax and National Insurance Contributions are deducted correctly, and that the payroll system is administered in line with policy.
- **Purchases:**
  - Risks are managed by thorough checks of invoices, which are signed off by the Responsible Finance Officer, and through the system of verification of cheques including dual signatures.
- **Other Risks include:**
  - Adequate reserves: The level of reserve funds is assessed annually as part of the budget-setting process
  - Loss of/damage to assets: Assets are inspected regularly. Loss or damage is included in the Council's insurance cover.
  - Fraud by staff: This is managed through dual signatories, internal finance checks by nominated Council Members and including Fraud in the Council's insurance.
  - Office security: The Council Offices are protected by an intruder and fire alarm system.

- Security of documents: Important documentation are stored in a locked vestibule. Office staff are trained on matters concerning Freedom of Information and Data Protection.
- Security of computer-based information: all computers are password protected.

2.10 **Financial risk management through insurance:**

- Fraud by staff: Potential losses arising as a result of dishonesty by staff (fraud) are managed through the Fidelity Guarantee this is part of the Council's insurance policy. The limit which is the equivalent of 50% of the reserves plus 50% of the annual budget. This figure is reviewed annually.
- Loss of/damage to assets: This is managed through the Council's insurance, with the value reviewed annually.

These controls are subject to change throughout the year